

EXHIBIT C

UNITED STATES DISTRICT COURT?
SOUTHERN DISTRICT OF NEW YORK

-----X
CYPRESS HOLDINGS, III, L.P., individually
and derivatively on behalf of SPORT-BLX,
INC.,

Plaintiff,

-V-

Civil Action No.:
1:22-cv-1243-LGS

GEORGE HALL, JOSEPH DE PERIO, DANIEL
STRAUSS, FRANCIS RUCHALSKI, CESAR BAEZ,
CHRISTOPHER JOHNSON, SPORT-BLX INC.,
SPORT-BLX SECURITIES, INC., CLINTON GROUP
INC., AND GLASSBRIDGE ENTERPRISES INC.,
Defendants.

-----X
SPORT-BLX, INC., individually and
derivatively on behalf of its shareholders,

Plaintiff,

-V-

Case No.:
1:22-cv-8111-LGS

MICHAEL M. SALERNO, CYPRESS HOLDINGS, III,
L.P.,

Defendants.

-----X

DATE: May 1, 2023
TIME: 9:43 A.M.

EXAMINATION BEFORE TRIAL of the
Defendant, Michael Salerno, taken by Mr.
Sack, pursuant to Order, held at the
offices of Hindy Freilich, a Notary Public
of the State of New York.

1

2 Q. That's another conversation you
3 secretly recorded?

4 A. That I recorded of Joe De Perio
5 and I talking about the wiring
6 instructions.

7 Q. When did you do that?

8 A. Before the wire was sent.

9 Q. So you started recording Joe De
10 Perio within a week of your investing in
11 the company, you started recording?

12 A. I think there is one, yes.

13 Q. No, no. Not I think there is
14 one. Did you secretly -- did you start to
15 secretly record conversations within
16 approximately a week of making your
17 investment in this company?

18 A. Yes, it's very possible.

19 Q. Why?

20 A. Because at that point, I was
21 already concerned about the investment
22 being made. And if I didn't do it, that
23 they were going to hold me up with a
24 contract dispute.

25 Q. Within one week you were

1
2 secretly recording your new business
3 partners, that's what you're saying?

4 MR. PEARLSON: Objection to
5 form.

6 Q. You already distrusted them?

7 A. I had a concern.

8 Q. What was your concern?

9 A. That they were -- if I didn't
10 make the investment, they would come after
11 me for breach of contract.

12 Q. Didn't Mr. De Perio e-mail you
13 one week after your investment and say we
14 don't want your money, Mr. Salerno. We
15 don't want your money. Didn't he e-mail
16 that to you?

17 A. Paraphrasing it. But after my
18 conversation with Mr. Hall, I understood it
19 as they were using that as a tactic to come
20 after me.

21 Q. What? What tactic? They said
22 they don't want your money. These are the
23 people you're accusing of fraudulently
24 inducing you, who said don't invest,
25 Mr. Salerno. That's what they said, don't

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - x

CYPRESS HOLDINGS, III, L.P.,
individually and derivatively on
behalf of SPORT-BLX, INC.,

Plaintiff, Civil Action No.:
22-cv-01243 (LGS)

-against-

GEORGE HALL, JOSEPH DE PERIO,
DANIEL STRAUSS, FRANCIS RUCHALSKI,
CESAR BAEZ, CHRISTOPHER JOHNSON,
SPORT-BLX, INC., SPORT-BLX SECURITIES,
INC., CLINTON GROUP INC., and
GLASSBRIDGE ENTERPRISES, INC.,

Defendants.

- - - - - x

SPORT-BLX, INC., individually and
derivatively on behalf of its
shareholders,

Plaintiff, Case No.:
22-cv-08111 (LGS)

-against-

MICHAEL M. SALERNO and CYPRESS
HOLDINGS, III, L.P.,
Defendants.

- - - - - x

(Caption continued on the following page.)

MAGNA LEGAL SERVICES
320 West 37th Street, 12th Floor
New York, New York 10018
(866) 624-6221

1
2 Videotaped deposition of MICHAEL
3 SALERNO, taken pursuant to subpoena, was
4 held at MORVILLO ABRAMOWITZ GRAND IASON
5 & ANELLO, 565 Fifth Avenue, commencing
6 June 7, 2023, 9:56 a.m., before Leslie
7 Fagin, a Stenographic Court Reporter and
8 Notary Public in the State of New York.
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

- - -

1 M. Salerno

2 your niece and nephew? 10:48:36

3 A. That's right. 10:48:40

4 Q. Why wouldn't you want to -- what 10:48:41

5 would be the problem in your mind with, if 10:48:45

6 you had to, conveying that you were the 10:48:49

7 trustee of that trust and your niece and 10:48:51

8 nephew were beneficiaries? 10:48:55

9 A. My concern was that Mr. Hall and 10:48:58

10 Mr. De Perio would do exactly what they have 10:49:00

11 done to date, is start harassing all the 10:49:04

12 people on this list and then look for ways to 10:49:09

13 punitively cause harm and damage to me by 10:49:11

14 just knowing that I'm affiliated with this. 10:49:15

15 Q. So you thought in August of 2019, 10:49:19

16 when you refused to provide that information, 10:49:22

17 you thought Joe De Perio and George Hall 10:49:25

18 would harass people? 10:49:28

19 A. I thought they were capable of it 10:49:29

20 and I didn't see why they needed to know it. 10:49:33

21 There is no reason why someone would need to 10:49:39

22 know the details of my family's trusts. 10:49:42

23 Q. But they didn't ask you for the 10:49:48

24 details of your family trust, did they? 10:49:50

25 A. When I say details, I should have 10:49:53

1 M. Salerno

2 been more clear. They don't need to know any 10:49:56

3 trust exists. Why would they -- is George 10:49:58

4 going to allow me to see all the trusts he 10:50:04

5 has and Mr. De Perio's, no, it's irrelevant. 10:50:07

6 Q. Mr. Salerno, you chose to become a 10:50:15

7 shareholder of Sport-BLX, correct? 10:50:18

8 A. Yes. 10:50:19

9 Q. You chose to become a director of 10:50:20

10 Sport-BLX? 10:50:22

11 A. Yes, but I did not choose to 10:50:22

12 provide information that was not required for 10:50:26

13 the investment. 10:50:29

14 Q. You understood that Sport-BLX 10:50:30

15 applied for a broker/dealer license so that 10:50:43

16 it could generate revenue for Sport-BLX, 10:50:46

17 correct? 10:50:49

18 A. Yes. 10:50:56

19 Q. And you knew that Sport-BLX 10:50:57

20 intended to get a broker/dealer license to 10:51:06

21 trade sport-related assets when you invested, 10:51:09

22 correct? 10:51:12

23 A. Yes, using the definition of trade 10:51:13

24 that you provided earlier. 10:51:16

25 Q. So didn't you understand that you 10:51:18

1 M. Salerno

2 Q. You disagreed with the need to get 11:14:52
3 a broker/dealer license? 11:14:54

4 A. I disagreed with the need to get a 11:14:56
5 broker/dealer license, yes. 11:15:01

6 Q. You disagreed with the manner in 11:15:03
7 which they were pursuing a broker/dealer 11:15:07
8 license, correct? 11:15:10

9 A. That's actually a better way to say 11:15:11
10 it than what I previously just said, yes. 11:15:13

11 Q. Did anyone else on the board agree 11:15:15
12 with your position? 11:15:22

13 A. No, they were all patsies to Mr. 11:15:24
14 Hall. 11:15:27

15 Q. Did anyone else on the board agree 11:15:27
16 with your position? 11:15:29

17 A. No, they were all patsies -- 11:15:30

18 MR. PEARLSON: What position are we 11:15:33
19 talking about here. 11:15:34

20 Q. Let me try that again. 11:15:35

21 Did anyone on the board agree with 11:15:37
22 your position that the management was going 11:15:38
23 about getting a broker/dealer's license in a 11:15:41
24 way it should not? 11:15:46

25 A. I'm sorry, can you rephrase the 11:15:49

1 M. Salerno

2 Q. When did they not vote their shares 15:47:22
3 in favor of you as a director? 15:47:25

4 A. When I was removed from the board. 15:47:27

5 Q. Did they vote their shares in your 15:47:29
6 favor? 15:47:32

7 A. They voted the shares that were in 15:47:32
8 their particular names, but they did not vote 15:47:35
9 the shares that they indirectly controlled 15:47:38
10 through Glassbridge. 15:47:40

11 Q. Whose shares did they control? 15:47:43

12 A. Glassbridge's. 15:47:45

13 Q. What's your basis for saying they 15:47:46
14 controlled Glassbridge's vote? 15:47:48

15 A. All of the decisionmakers at 15:47:50
16 Glassbridge reported to George Hall and, in 15:47:56
17 essence, they acted as puppets for George 15:47:59
18 Hall. 15:48:05

19 Q. What is your evidence for that? 15:48:05

20 A. The actions that they took, they 15:48:06
21 never took an independent action, they always 15:48:08
22 took the action that George Hall told them 15:48:11
23 to. 15:48:14

24 Q. So you don't have any evidence, you 15:48:14
25 are just inferring from actions taken by 15:48:16

UNITED STATES DISTRICT COURT?
SOUTHERN DISTRICT OF NEW YORK

-----X
CYPRESS HOLDINGS, III, L.P., individually
and derivatively on behalf of SPORT-BLX,
INC.,

Plaintiff,

-V- Civil Action No.:
1:22-cv-1243-LGS

GEORGE HALL, JOSEPH DE PERIO, DANIEL
STRAUSS, FRANCIS RUCHALSKI, CESAR BAEZ,
CHRISTOPHER JOHNSON, SPORT-BLX INC.,
SPORT-BLX SECURITIES, INC., CLINTON GROUP
INC., AND GLASSBRIDGE ENTERPRISES INC.,

Defendants.

-----X
SPORT-BLX, INC., individually and
derivatively on behalf of its shareholders,

Plaintiff,

-V- Case No.:
1:22-cv-8111-LGS

MICHAEL M. SALERNO, CYPRESS HOLDINGS, III,
L.P

Defendants.

-----X

DATE: July 20, 2023
TIME: 9:35 A.M.

VIDEOTAPED EXAMINATION BEFORE
TRIAL of the Defendant, Michael Salerno,
taken by Mr. Sack, pursuant to Order, held
at the offices of Hindy Freilich, a Notary
Public of the State of New York.

1

2 Q. Were you given any information,
3 in your memory, about it, Mr. Salerno?

4 A. No. That's why I asked for
5 detail.

6 Q. Well, did you just ask what are
7 we spending -- what does professional
8 expenses consist of?

9 A. I did.

10 Q. And what were you told?

11 A. I did not get an answer.

12 Q. What did you think it related
13 to? Did you have any understanding at all?

14 MR. PEARLSON: Objection to
15 form.

16 Go ahead.

17 A. Again, I've answered this. I
18 asked for detail because professional
19 expenses can be a plethora. It could be
20 hiring someone to come in, you know, and
21 cook for us, for masseuses, it could be
22 legal, it could be accounting, it could be
23 anything. That's why I asked for detail.

24 Q. Did you have any basis to think
25 it was something other than legal?

1

2 MR. PEARLSON: Objection to
3 form.

4 A. I've answered it the best I
5 can.

6 Q. Do you see there \$184,000 in
7 travel and entertainment?

8 A. I do.

9 Q. And did you understand that to
10 relate to marketing related expenses?

11 A. Not necessarily, no. And I
12 asked for detail to determine what that
13 was, because I was very concerned about
14 that being personal.

15 Q. And you see there \$21,000 in
16 market data. Did you understand that to
17 relate to marketing expenses?

18 A. No. Again, I asked for detail
19 because market data could be stock related.

20 Q. Well, if it was stock related,
21 then it would relate to the business of the
22 company, wouldn't it?

23 MR. PEARLSON: Objection to
24 form.

25 A. Not necessarily, if this was

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - x

CYPRESS HOLDINGS, III, L.P.,
Individually and derivatively on
Behalf of SPORT-BLX, INC.,

Civil Action No.
1:22-cv-01243 (LGS)

Plaintiff,

-against-

GEORGE HALL, JOSEPH DE PERIO,
DANIEL STRAUSS, FRANCIS RUCHALSKI,
CESAR BAEZ, CHRISTOPHER JOHNSON,
SPORT-BLX, INC., SPORT-BLX SECURITIES,
INC., CLINTON GROUP INC., and
GLASSBRIDGE ENTERPRISES, INC.,

Defendants.

- - - - - x

SPORT-BLX, INC., individually and
derivatively on behalf of its
shareholders,

Case No.:
22-cv-08111 (LGS)

-against-

MICHAEL M. SALERNO and CYPRESS
HOLDINGS, III, L.P.,

Defendants.

- - - - - x

REMOTE VIDEOTAPED
DEPOSITION OF MICHAEL SALERNO
taken remotely via ZOOM
Shrewsbury, New Jersey
Tuesday, July 25, 2023

Job Number 1007126

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

REPORTED BY:

BOBBIE ZELTMAN
Professional Realtime Court Reporter
and Notary for New York and Florida

July 25, 2023
9:32 a.m.

Remote videotaped deposition of MICHAEL
SALERNO taken by Plaintiff, pursuant to Notice, taken
remotely via ZOOM in Shrewsberry, New Jersey, before
BARBARA R. ZELTMAN, a Professional Realtime Court
Reporter and Notary Public within and for the State
of Florida.

1 MICHAEL SALERNO

2 Q Do you know he was like your
3 senator from New Jersey for a while, right?

4 A I'm not a big politics guy, but it
5 doesn't surprise me.

6 Q So you are unaware that Robert
7 Torricelli was a senator from New Jersey?

8 A I knew he was a senator.

9 Q You didn't know he's from New
10 Jersey?

11 A I was not aware.

12 Q Are you testifying here today that
13 Robert Torricelli was a patsy or puppet for
14 George Hall?

15 A I think that all of the parties at
16 GlassBridge, they followed suit and did
17 whatever Mr. Hall told them.

18 Q So insofar as GlassBridge's board
19 was involved in approving the transactions,
20 say, when GlassBridge bought Mr. Hall and
21 Mr. De Perio DePerio's shares you'd testify
22 today you think Mr. Torricelli is a patsy or
23 puppet for Mr. Hall, too, correct?

24 Have I got your testimony right?

25 A I think that sounds fair given

1 MICHAEL SALERNO

2 especially the actions that they've taken in
3 the short period of time that they've taken
4 them.

5 Q What actions are you aware of the
6 board of GlassBridge has taken?

7 A One example that comes to my mind
8 is the action they took with regard to the
9 purchase transaction, which over a matter of
10 what, two or three days, they negotiated,
11 did due diligence, had a full understanding
12 of the board and consummated, and they
13 funded a \$15 million transaction.

14 That's not normal.

15 Q So we're talking about the
16 December '19 acquisition of some of Mr. De
17 Perio and Mr. Hall's shares by GlassBridge,
18 correct?

19 A I'm not sure the date, but I'm
20 referencing the transaction between
21 GlassBridge, Mr. De Perio and Mr. Hall.

22 Q And that's the transaction that led
23 to GlassBridge having voting control over
24 the board, right, that led to your removal?

25 A Yes.

1 MICHAEL SALERNO

2 dated Friday, March 18, 2022, 12:31

3 p.m., EDT, Bates Numbers

4 CYPRESS-00000460 through

5 CYPRESS-00000461, marked for

6 Identification.)

7 BY MR. CARBONE:

8 Q Mr. Salerno, I'm going to put
9 before you what we've marked as Salerno 51

10 for Identification, a two-page document

11 bearing Cypress-00000460 through 461.

12 MR. CARBONE: Can you zoom in a
13 little there.

14 BY MR. CARBONE:

15 Q Mr. Salerno, do you recognize this?

16 A I do.

17 Q What do you recognize it to be?

18 A An email that I had sent out.

19 Q Who did you send it to?

20 A Shareholders of Sport-BLX.

21 Q How many? How many shareholders of
22 Sport-BLX?

23 A I don't recall. I don't recall.

24 Q Did you send it by BCC in the To
25 line?

1 MICHAEL SALERNO

2 A I must have.

3 Q And so you would have in your
4 possession, like, the date of on the To line
5 so we know, if I wanted to know who actually
6 received this potentially right here, right?

7 A I would assume yes. I would think
8 so.

9 Q This includes an article written by
10 I guess Ivan Moreno.

11 Did you ever talk to Mr. Moreno?

12 A I don't recall speaking to him, but
13 it doesn't mean I didn't. I just don't
14 recall. Not ringing a bell.

15 Q Did any of the plaintiffs join your
16 efforts?

17 A I'm sorry?

18 Q Did any of the plaintiffs you
19 reached out to join your efforts during your
20 lawsuit?

21 A No.

22 Q Are any of the plaintiffs who you
23 reached out whose names I can't tell from
24 this, are any of them paying for any of the
25 costs of this lawsuit?

1 MICHAEL SALERNO

2 GlassBridge acquired shares, they were, in
3 effect, buying the platform, is that what
4 you are saying, Mr. Salerno?

5 A In effect, yes. Effectively, by
6 buying the company's shares, you are buying,
7 right, the assets of that company, and the
8 biggest asset of Sport-BLX was its platform.

9 Q Do you know what's being done with
10 that platform currently?

11 A Other than it being used by
12 Metabilia?

13 Q Yeah, other than that, which is
14 your speculation.

15 A I'm not certain.

16 Q How much would you pay for it then?
17 If it's worth 55, would you pay, I don't
18 know 47?

19 MR. PEARLSON: Objection to
20 form. Argumentative.

21 Go ahead.

22 A I would be so scared to buy
23 anything from Mr. Hall and Mr. De Perio and
24 Mr. Ruchalski and Mr. Strauss and
25 GlassBridge, so I would not be a buyer.

1 MICHAEL SALERNO

2 BY MR. CARBONE:

3 Q You mean other than the GlassBridge
4 shares you bought in 2021?

5 MR. PEARLSON: Objection.

6 A That's not a particular
7 functioning, you know, software that they
8 could embed the virus, I would not trust
9 them.

10 MR. CARBONE: Move the strike
11 the answer as nonresponsive.

12 I have a lot more I could do.
13 There's a lot of allegations. There are
14 eight counts against my clients.

15 Given the time constraints we're
16 under, I'm going to pass the baton to
17 my -- to John Sack to take the rest of my
18 time for today.

19 MR. SACKS: Let's just take
20 five minutes, and we'll rearrange and
21 start right back up.

22 MR. PEARLSON: Can I ask the
23 videographer how long we've been on
24 the record today?

25 THE VIDEOGRAPHER: Do you want